

**PUBLIC UTILITY COMMISSION OF OREGON**  
**INTEROFFICE CORRESPONDENCE**

**DATE:** October 9, 2020

**TO:** Matthew Muldoon and John Crider

**FROM:** Moya Enright and Kathy Zarate

**SUBJECT:** PACIFIC POWER:  
(Docket No. UPN 105)  
Notice of Property Disposition – Asset Transfer Agreement.

**DISCUSSION:**

On April 28, 2020, Pacific Power (PacifiCorp or Company) filed a notice of property disposition pursuant to ORS 757.480(2). This notice involves an asset transfer agreement (Agreement) signed with the City of Idaho Falls, Idaho (City) to extend the service boundary of its municipal utility, Idaho Falls Power.

The Agreement in question was executed on February 28, 2019, at which time ORS 757.480(2) required the Company to provide notice of a completed transaction to the Oregon Public Utility Commission (Commission) within 60 days of a completed transaction.

ORS 757.480(2) was amended effective January 1, 2020. Staff notes that going forward, any completed transaction that is over \$25,000 and under \$1 million executed after January 1, 2020, only needs to be noticed to the Commission through an annual report filing.

*Background*

The Agreement relates to an asset purchase by the City of Idaho Falls, which sought to extend the service boundary of its municipal utility, Idaho Falls Power, by acquiring two of PacifiCorp's customers. This transaction relates to nine meters which previously served Residential customers.<sup>1</sup>

Staff learned through discovery that the City has requested that all remaining customers inside city limits be purchased and transferred to its municipal utility. This is an ongoing project, and PacifiCorp expects that further requests to purchase and serve additional customers will be submitted to PacifiCorp by the City in the future.<sup>2</sup>

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<sup>1</sup> See PacifiCorp's response to Staff Information request 3.

<sup>2</sup> See PacifiCorp's response to Staff Information request 2.

The value of the Agreement is \$31,934, of which \$0 is allocated to Oregon.

Staff issued a total of eight data requests regarding the Agreement, which informed the analysis described below.

#### *Reporting Delay*

The Agreement in question was executed on February 28, 2019, and the Company filed the Notice with the Commission on April 28, 2020. This approximately one-year delay in filing is outside the 60-day period required by ORS 757.480(2) for any property dispositions executed before January 1, 2020. The Company informed Staff through discovery that the delay in reporting occurred due to a failure of communication between the business unit responsible for the property transaction and the Company's regulatory group. The Company further informed Staff that it has enacted changes to its tracking and reporting of property dispositions to ensure compliance going forward.<sup>3</sup>

Considering the recent change to ORS 757.480(2), and the Company's efforts to avoid recurrences of such delays, Staff finds that it would be appropriate for the Commission to exercise leniency with regard to the 60-day requirement in this case.

#### *Valuation of the Agreement*

The value of the Agreement is \$31,934. This value is the sum of the value of the facilities to be sold, applicable taxes, the separation and transaction costs, and a measure of future revenue associated with the customers transferring to Idaho Falls Power. Staff has reviewed the associated costs, including estimations, and agrees with this valuation.

PacifiCorp will receive compensation in the amount of \$31,934 on a total company basis, of which \$0 is allocated to Oregon, in accordance with the situs assignment of distribution assets per 2017 Inter-jurisdictional Allocation Protocol, which required transmission assets to be allocated on a system generation allocation factor.<sup>4</sup>

#### *Consequences of the Agreement*

PacifiCorp has informed the Commission that the Agreement does not interfere with the utility's ability to operate its facilities or impede access to its property. Further, the Company will not continue to rely on any of the transferred assets to serve other customers in the area.<sup>5</sup> The agreement will not hinder the Company in its obligation to provide safe, reliable electric service.

#### *Conclusion*

Based on the analysis described above, Staff concludes that the Agreement is reasonable, and will not harm the public.

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<sup>3</sup> See PacifiCorp's response to Staff Information request 1.

<sup>4</sup> See 2017 Inter-jurisdictional Allocation Protocol, Docket No. UM 1050, Order No. 16-319 at Appendix A.

<sup>5</sup> See PacifiCorp's response to Staff Information Request 8.

**STAFF RECOMMENDATION:**

Staff determined that the public is not harmed by this transaction because:

1. Although the Company failed to inform the Commission of this issue in a timely manner, the delay did not harm customers;
2. The Company's ability to use the property is not impeded or impaired, therefore the Company's ability to provide reliable electric service is not harmed.

Staff recommends this docket be closed with no further action.

CC: Diane Davis